

CITY OF AMESBURY
AND CNA STORES, INC.

HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 14 day of February 2019 by and between CNA Stores, Inc., a Massachusetts corporation with a principal office address of 100 Main St. Amesbury, MA 01913 (the "Company"), and the City of Amesbury, a Massachusetts municipal corporation with a principal address of 62 Friend Street, Amesbury, MA 01913 (the "City"), acting by and through its Mayor.

WHEREAS, the Company wishes to locate a Recreational Marijuana Establishment for adult use ("RME") retail facility at 77 Macy St, Amesbury MA, as shown on Assessors Map. 79, Lot 13 ("Facility"), in accordance with state law, regulations issued by the Commonwealth of Massachusetts Cannabis Control Commission ("CCC"), including but not limited to 835 CMR 500.00 and such approvals as may be issued by the City in accordance with its Zoning Bylaws and other applicable regulations; and

WHEREAS, the Company intends to provide certain benefits to the City in the event that it receives a license from the CCC to operate an RME (the "State License") and receives all required local permits and approvals;

WHEREAS, the parties intend by this Agreement to satisfy the provisions of G.L. c. 94G, Section 3(d), applicable to the operation of said establishment, such activities to be done only in accordance with the applicable state and local laws and regulations of the City;

NOW THEREFORE, in consideration of the mutual promises and provisions of this Agreement, the Company and the City agree as follows:

1. The Company agrees to make payments to the City, in the amounts and under the terms provided herein (the "Funds").
2. **Community Impact Fee:** In the first five (5) years of operation, the Company shall pay to the City a Community Impact Fee in the amount equal to 3.00 percent (3%) of the Facility's annual gross sales generated in the City, to be paid in quarterly installments on August 1, November 1, February 1, and May 1 of each year (the "quarterly payment dates"). The first quarterly payment is to be paid to the City on the first quarterly payment date following the date that the Company is granted a certificate of occupancy, or temporary certificate of occupancy by the Building Commissioner, to operate its Facility within the City, and thereafter, payments shall adhere to the quarterly payment date schedule. In the event that the RME facility is not allowed to operate 7 days per week, the percentage shall be 2.00 percent (2%).
3. **Late Payment Penalty:** The Company acknowledges that time is of the essence with respect to their timely payment of all funds required under Section 2 of this Agreement. In the event that any such payments are not fully made with ten (10) days of the date they are due, the Company shall be required to pay the City a late payment penalty equal to five percent (5%) of such required payments.

4. The Community Impact Fee shall continue for a period of five (5) years from the date the first payment is made. At the conclusion of the five (5) year term, the terms of this Agreement shall be renegotiated by the Company and the City in good faith following five (5) years of continuous operation of the Facility, or sooner, in the event that the City enters into a host community agreement with an additional RME. The terms of this Agreement shall continue in full force and effect unless the parties reach accord on a subsequent agreement. Any renegotiation of this Agreement shall include a review of positive and negative impacts upon the City, its residents, and businesses resulting from operation of the Facility including, without limitation, community health, associated business growth, traffic, crime, use of City resources, proximate property value impacts, and other documented impacts.
5. While the purpose of these payments is to assist the City in addressing any public health, safety and other effects or impacts the Facility may have on the City, the City may expend the above-referenced payments at its sole and absolute discretion.
6. Annual Reporting: The Company shall submit annual financial statements to the City within thirty (30) days after the close of the Company's fiscal year, and continuing for each year that this Agreement is in effect, along with a certification of its annual sales. The Company shall maintain books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the CCC. All records shall be kept for a period of at least seven (7) years. Upon request by the City, the Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the CCC and Department of Revenue for purposes of obtaining and maintaining a license for the Facility.

During the term of this Agreement and for three years following the termination of this Agreement the Company shall agree, upon request of the City to have its financial records examined, copied and audited by an Independent Financial Auditor, the expense of which shall be borne by the Company. The Independent Financial Auditor shall review the Company's financial records for purposes of determining that the Community Impact Payments are in compliance with the terms of this Agreement. Such examination shall be made not less than thirty (30) days following written notice from the City and shall occur only during normal business hours and at such place where said books, financial records and accounts are maintained. The Independent Financial Audit shall include those parts of the Company's books and financial records which relate to the payment, and shall include a certification of itemized gross sales for the previous calendar year, and all other information required to ascertain compliance with the terms of this Agreement. The independent audit of such records shall be conducted in such a manner as not to interfere with the Company's normal business activities.

7. The Company, in addition to any payments specified herein, shall annually contribute to public charities in an amount no less than a sum of \$25,000, said charities to be determined by the Company in its reasonable discretion.
8. The provisions of this Agreement shall be applicable as long as the Company operates a Facility in the City, pursuant to a license issued by the CCC, subject to the provisions of Paragraph 10, below.
9. The Company agrees that, even if permitted by statute or regulation, it will continue to prohibit on-site consumption of marijuana and marijuana-infused products at its facilities in the City.
10. To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company shall make every effort in a legal and non-discriminatory manner to hire qualified employees who are City residents, and to utilize vendors based in the City. Such efforts shall include actively soliciting bids from City vendors through local advertisements and direct contact.
11. Local Taxes: At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, neither the Company nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit or agricultural exemption or reduction with respect to such taxes. Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by the Company is determined to be non-taxable or partially non-taxable, or (ii) if the value of such property is abated with the effect of reducing or eliminating the tax which would otherwise be paid if assessed at fair cash value as defined in G.L. c. 59, §38, or (iii) if the Company is determined to be entitled or subject to exemption with the effect of reducing or eliminating the tax which would otherwise be due if not so exempted, then the Company shall pay to the City an amount which when added to the taxes, if any, paid on such property, shall be equal to the taxes which would have been payable on such property at fair cash value and at the otherwise applicable tax rate, if there had been no abatement or exemption; this payment shall be in addition to the payment made by the Company as the Community Impact Fee described above.
12. The obligations of the Company and the City recited herein are specifically contingent upon the Company obtaining the State License for operation of the Facility in the City, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate the Facility in the City.
13. This Agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Facility to operate in the City, or to refrain from enforcement action against the Company and/or its facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations. The Company hereby acknowledges and accepts, and waives all rights to challenge, contest or appeal, the City's building permit and other permit application fees, sewer and water connection fees, and all other

local charges and fees generally applicable to other commercial developments in the City.

14. The Company shall not assign, sublet or otherwise transfer its rights or delegate its obligations under this Agreement, in whole or in part, without the prior written consent of the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City.

15. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the City nor the Company shall assign or transfer any interest in the Agreement without the written consent of the other.

16. The Company agrees to comply with all laws, rules, regulations and orders applicable to the Facility, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the performance of such work.

17. Any and all notices, or other communications required or permitted under this Agreement, shall be in writing and delivered by hand or mailed postage prepaid, return receipt requested, by registered or certified mail or by other reputable delivery service, to the parties at the addresses set forth on Page 1 or furnished from time to time in writing hereafter by one party to the other party. Any such notice or correspondence shall be deemed given when so delivered by hand, if so mailed, when deposited with the U.S. Postal Service or, if sent by private overnight or other delivery service, when deposited with such delivery service.

18. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining terms and conditions of this Agreement shall not be deemed affected thereby unless one or both parties would be substantially or materially prejudiced. Further, the Company agrees that it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement.

19. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

20. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the City with respect to the matters described herein. This Agreement supersedes all prior agreements, negotiations and representations, either written or oral, and it shall not be modified or amended except by a written document executed by the parties hereto.

21. This Agreement shall be null and void in the event that the Company shall not locate the Facility in the City or shall relocate such Facility out of the City. In the case of any relocation out of the City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of occupation and operation of the Facility within the City, but in no event, shall the City be responsible for the return of any funds already provided to it by the Company.

23. No Joint Venture: The Parties hereto agree that nothing contained in this Agreement or any other documents executed in connection herewith is intended or shall be construed to establish the City, or the City and any other successor, affiliate or corporate entity as joint ventures or partners.
24. Indemnification: The Company shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, liabilities, actions, causes of actions, defenses, proceedings and/or costs and expenses, including attorney's fees, brought against the City, their agents, departments, officials, employees, insurers and/or successors, by any third party arising from or relating to the development of the Property and/or Facility. Such indemnification shall include, but shall not be limited to, all reasonable fees and reasonable costs of attorneys and other reasonable consultant fees and all fees and costs (including but not limited to attorneys and consultant fees and costs) shall be at charged at regular and customary municipal rates, of the City's choosing incurred in defending such claims, actions, proceedings or demands. The Company agrees, within thirty (30) days of written notice by the City, to reimburse the City for any and all costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.
25. Security: To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City's Police Department in determining the placement of exterior security cameras and any and all other factors reasonably associated with the Company's security plans and operations.

The Company agrees to cooperate with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Facility, and with regard to any anti-diversion procedures.

To the extent requested by the City's Police Department, the Company shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Facility.

26. Re-Opener/Review: The Company or any "controlling person" in the Company, as defined in 935 CMR 500.02, shall be required to provide to the City notice and a copy of any other Host Community Agreement entered into for any Establishment in which the Company, or any controlling person in the Company, has any interest and which is licensed by the CCC as the same type of establishment as the entity governed by this agreement.

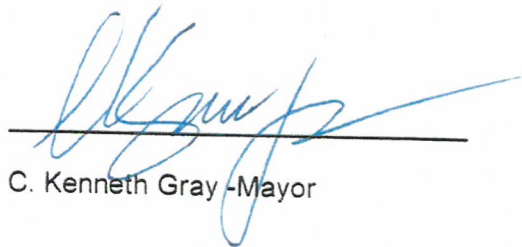
In the event the Company or any controlling person enters into a Host Community Agreement for an Establishment with another municipality in the Commonwealth that contains financial terms resulting in payments of a Community Impact Fee and Annual Community Benefit Payment totaling a higher percentage of gross sales for the same

type of establishment than the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in financial benefits to the City equivalent or superior to those provided to the other municipality.

27. Amendments/Waivers: Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all signatories to the original Agreement, prior to the effective date of the amendment.

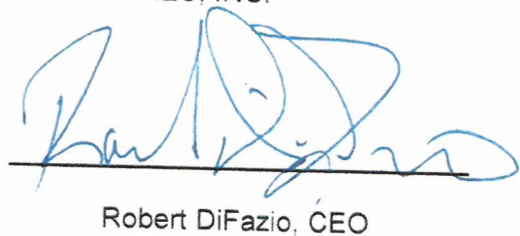
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF AMESBURY



C. Kenneth Gray -Mayor

CNA STORES, INC.



Robert DiFazio, CEO

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